Freedonia

US outlook for

Janitorial Services & Supplies

with forecasts to 2005 and 2010

New study finds:

- ***Demand for janitorial services and supplies in the US is forecast to grow 5.6 percent per year (including price increases) to $37 billion in the year 2005***
- ***In the janitorial services segment, the well-developed office building market will remain the largest. However, industrial and residential markets will experience the fastest growth based on relatively low penetration of contract cleaning service firms***
- ***Four companies -- ServiceMaster, ABM Industries, ARAMARK and Sodexho -- accounted for 15 percent of janitorial services revenues in 2000. On the products side, five firms -- Newell Rubbermaid, Tennant, 3M, Katy Industries and Nilfisk-Advance (NKT Holding) -- accounted for over 20 percent of the market***

Freedonia Industry Study #1477

Janitorial Services & Supplies

Study Publication Date: October 2001
Price: $3,500
Pages: 205

Janitorial Services & Supplies, a new study from The Freedonia Group, provides you with an in-depth analysis of major trends in the industry and the outlook for product segments and major markets -- critical information to help you with strategic planning.

This brochure gives you an indication of the scope, depth and value of Freedonia's new study, *Janitorial Services & Supplies*. Ordering information is included on the back page of the brochure.

Brochure Table of Contents

Study Highlights

- Demand for janitorial services and supplies in the US is forecast to grow 5.6 percent per year (including price increases) to $37 billion in the year 2005.

- The supplies sector will offer the best growth, driven by demand for commercial cleaning equipment, particularly carpet cleaning machines such as shampooers, extractors and sweepers.

- In the janitorial services segment, the well-developed office building market will remain the largest. However, industrial and residential markets will experience the fastest growth based on relatively low penetration of contract cleaning service firms.

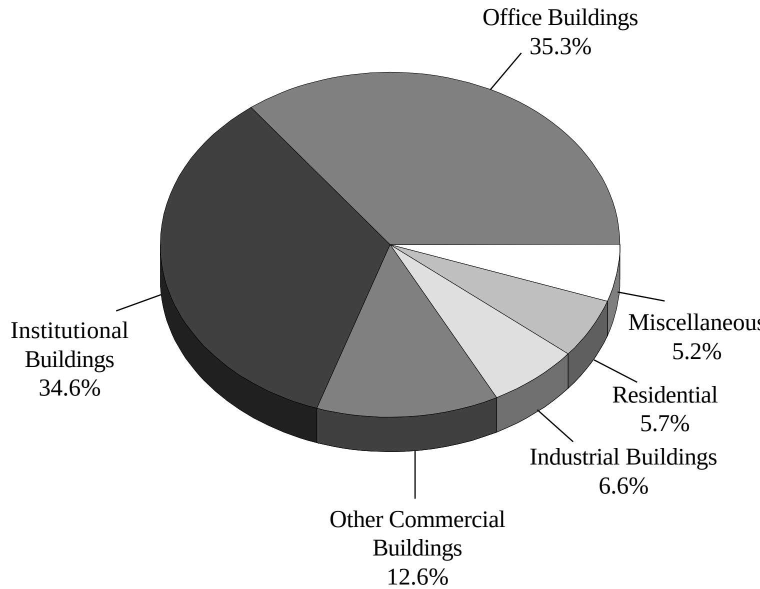
- The Northeast will remain the largest consumer of janitorial supplies and services in the US because it is home to large, commercialized and densely populated areas, including New York City, Boston and Philadelphia.

- Four companies -- ServiceMaster, ABM Industries, ARAMARK and Sodexho -- accounted for 15 percent of janitorial services revenues in 2000. On the products side, five firms -- Newell Rubbermaid, Tennant, 3M, Katy Industries and Nilfisk-Advance (NKT Holding) -- accounted for over 20 percent of the market.

* Excluded from the scope of the study are all janitorial chemical products, including cleaning compounds and solutions, as well as the household-grade equivalents of janitorial supplies (e.g., home vacuum cleaners). Related building maintenance services such as pest control, building repair and lawn care are also excluded.

Study Highlights

Janitorial Services & Supplies Demand by Market, 2000



Janitorial Services & Supplies Demand

(million dollars)

Item	1990	2000	2005	2010	% Annual Growth 00/90	% Annual Growth 05/00
Gross Domestic Product (bil $)	5803	9873				[illegible]
$ janitorial/000$ GDP	2.81	[illegible]				
Janitorial Supplies & Services	16290					
By Type:						
Services	13850	[illegible]				
Supplies	2440	[illegible]				
By Market:						
Office Buildings	5923	[illegible]				
Institutional Buildings	5698					
Other Commercial Buildings	2192					
Industrial Buildings	1029	[illegible]				
Residential	676	[illegible]				
Miscellaneous	772	1472				[illegible]

SUMMARY TABLE

List of Contents, Tables and Charts

Market Environment

The Market Environment Section discusses factors influencing janitorial services and supplies demand, including construction and demographic trends.

This information provides you with an understanding and an analysis of the climate in which the janitorial services and supplies industry operates.

Pricing & Product Mix

Most segments of the janitorial services and supplies industry are extremely price sensitive. The services sector has low barriers to entry, resulting in a high level of participation. The shear numb ... s involved in the sector assures intense price competitio ... ds of janitorial service firms in the US, the qua ... SAMPLE PAGE ... ng providers with a reputation for a higher le ... and a pricing premium. Janitorial service firms differe ... d upon tasks performed, training and experience of employees, and the use of sophisticated, automated cleaning equipment. In addition, larger firms sometimes supplement basic janitorial services with other types of building maintenance services, including pest control, grounds services, security and consulting. The availability of these services also allows for a pricing premium. Furthermore, pressures from legislation to raise minimum wages and employee organizations to increase wages and benefits will also affect pricing issues. Unlike manufacturing industries, wages are a significant input for service firms.

The janitorial supplies sector encompasses a variety of commodity-like items, such as brooms, brushes, squeegees and polishing cloths, as well as products such as more specialized automated cleaning equipment. Manufacturers of basic, nondifferentiated janitorial products use price as a method of competition and means of maintaining or increasing market share. In addition to pricing pressures specific to each item, producers must also monitor and consider cost trends among competing materials, since one of the few levers of product differentiation is material of construction. However, for the most part, costs of materials are a function of general levels of inflation and are thus beyond the direct control of janitorial supplies manufacturers. In some instances, intra-industry competitive conditions adversely affect profitability. Several product segments, including

Janitorial Services & Supplies

The Janitorial Supplies Section provides demand by type of supply for historical years and forecasts growth to 2005 and 2010. The Janitorial Services Section provides market share for leading service companies, as well as US integration, franchising, and outsourcing trends.

This information helps you:

- **Analyze your company's growth potential in the industry.**
- **Outline your strategic plans for five and ten years out.**
- **Establish sales goals.**

Franchising - Advantages & Disadvantages

Although franchises are a common form of janitorial services establishments, there are advantages and disadvantages to franchising from the stand point of the franchisee. A number of franchisers offer assistance to franchisees to ensure a successful operation, incl... ...ts and administrative support. For example, Jani-Kin... ...d internationally, guarantees business fo... ...vides planning, financing and training assistance, as ... ...uing support such as administration, payroll, etc. Jani-King believes that offering this backing allows franchisees to focus on the quality of service. Such support from franchisers also allows individuals to establish a business with proven success, rather than risk their investment in a developmental venture. In addition, franchisees receive name recognition, which independent businesses cannot match as quickly.

SAMPLE PAGE

However, despite the advantages of franchising, there are also disadvantages that favor independently-owned operations. Typically, an independent business owner will invest less money than a franchisee over time, since the franchisee has to continue to pay fees and royalties, including monies for additional business that allow the franchise to grow. Independent service providers also do not have to follow standardized marketing, concept, name and service blueprints, allowing the owners to define their own markets and guidelines. This freedom from preestablished formulas can also be construed as a disadvantage by some since time and resources, which could be better used to improve quality and service, must be devoted to issues like marketing. In addition, independent business owners do not receive support services (such as administration, payroll, etc.) whereas franchisees

Manual Floor Cleaning Products Demand

(million dollars)

Item	1990	1995	2000	2005	2010
Nonresidential Floor Space (bil sq ft)	72.8	7[illegible]			[illegible].3
$ sales/000 sq ft	4.5				
Manual Floor Cleaning Products*	329				
Brushes	151				
Brooms	43				[illegible]
Mops & Dusters	135				
% manual floor cleaning products	13.5				
Total Janitorial Supplies	2440	[illegible]			[illegible]

SAMPLE TABLE

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Services & Supplies by Market & Region

The Janitorial Services and Supplies by Market and Region Sections analyze trends and consider the threats and opportunities for janitorial services and supplies.

The information presented will help you:

- **Focus your sales and marketing efforts on high growth areas.**
- **Propose new areas for development.**

Other Commercial Buildings

Demand for janitori... in other commercial buildings is projected to in... llion, a slight deceleration from levels posted ... SAMPLE PAGE ... d 2000. This segment accounts for approximatel... l demand. Supplies and services are both expected to decelerate slightly through 2005, registering gains which mirror the other commercial buildings market average.

The other commercial building market encompasses a variety of establishments, including department stores, grocery stores, superstores, convenience stores and malls, as well as lodging establishments. This market offers opportunities because of the large amount of commercial space it occupies. In addition, in all retail environments, cleanliness is an important factor in customer satisfaction, a factor which will continue to drive demand for both services and supplies. Other types of

Midwest Janitorial Services & Supplies Demand
(million dollars)

Item	1990	1995	2000	2005	2010
Gross Domestic Product (bil $)	1294	1693			
$janitorial/000$ GDP	2.70	2.60			
Population (millions)	59.8	62.8			
$ janitorial/capita	59	70			
Midwest Demand	3500	4397			
By Subregion:					
East North Central	2564	3240			
West North Central	936	1157			
By Type:					
Services	2956	3653			
Supplies	544	744			
% midwest	21.5	20.6			
Janitorial Services & Supplies	16290	21370			

SAMPLE TABLE

Industry Structure

Gain a better understanding of your competition and analyze your company's position in the industry with information about:

- **industry composition**
- **industry revenues**
- **manufacturing**
- **product development**
- **marketing**
- **distribution**
- **financial issues**
- **mergers & acquisitions**

Product Development

In order to combat market maturity and intense price competition, janitorial supplies manufacturers develop and introduce a steady stream of new products. This notion is particularly evident in the areas where meaningful product differentiation is possible ... equipment (e.g., vacuums, sweepers, extractors a... f the more significant product developments ... nes is the incorporation of advanced filtration syst... ficiency Particulate Air (HEPA) systems are designed to capture 99.9 percent of particles down to 0.3 microns in size, while Ultra Low Penetration Air (ULPA) systems are designed for use in environments which require the highest standards for clean air (e.g., pharmaceutical labs). HEPA filtration systems are fairly common in commercial grade floor care equipment such as vacuums and sweepers. Companies such as Eureka (Electrolux), Minuteman International, NSS Enterprises and Royal Appliance produce commercial floor cleaning equipment with HEPA systems. However, ULPA and other filtration systems are not as widely used, but are increasingly being incorporated into products designed for areas where more exact cleaning requirements are specified.

SAMPLE PAGE

Automated floor cleaning equipment is also being designed to address ergonomics issues. Vacuum cleaner manufacturers are producing portable, backpack-style commercial vacuums which are designed to reduce operator strain and for ease-of-use. For example, the SHOP-VAC BP20TS backpack vacuum is designed to be 50 percent quieter than standard SHOP-VAC wet/dry products and features a two-horsepower, two-stage motor and an adjustable backpack harness system for dry materials. This model has a seven-quart capacity, a two-stage filtration system, washable foam filter inserts, and such attachments as a round dusting brush and a utility nozzle. A variety of products are being offered in walk-behind and ride-on models, including sweepers and scrubbers, to enhance worker productivity and

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Company Profiles

The Profiles Section analyzes 42 companies active in the U.S. janitorial services and supplies market. These profiles represent a sampling or cross-section of the types of companies involved in the industry.

Divisions, subsidiaries, joint ventures, etc., are discussed under appropriate parent companies.

Sources for profiles included:

- **Information provided by key staff members in the respective companies**
- **Annual reports**
- **10-K reports**
- **Security analysts reports**
- **Corporate product literature**

COMPANY PROFILES

Maytag Corporation
403 West Fourth Street North
Newton, IA 50208
641-792-7000
http://www.maytagcorp.com

Hoover Company
101 East Maple Street
North Canton, OH 44720
330-499-9200
http://www.hoover.com

Maytag operates in three segments: Home Ap... ...pliances and International Appliances. In 2000, th... ...e to the US. Maytag employed 24,360 in 200...

SAMPLE PAGE

The Company participates in the janitorial supply indus... ...ough the Hoover Company subsidiary of the Home Appliances segment. Among other products, Hoover manufactures HOOVER commercial vacuum cleaners and STEAMVAC extractors for institutional and commercial applications. Examples of the company's vacuums are commercial bagless upright model C1710-900, commercial CONQUEST model C1820 and commercial SHOULDER VAC portable model C2075080. Model C1710-900 utilizes Hoover's TWIN CHAMBER system with a 50-foot cable. The vacuum also features the SOFTGUARD furniture protector over the 15-inch bumper.

The CONQUEST C1820 cleaner consists of two attached vacuums with one double chrome steel handle, a 50-foot cord, and top-fill EZ EMPTY dirt cup collection systems. The lightweight SHOULDER VAC product features a shoulder harness

Companies Profiled

ABM Industries Inc.
  American Building Maintenance
  Arcade Building Services
  CarpetMaster Cleaning
ARAMARK Corp.
Carlisle Holdings Ltd.
  OneSource Holdings Inc.
Clorox Co.
  Himolene Inc.
Colin Service Systems Inc.
Coverall North America Inc.
Diversco Holdings Inc.
Dussmann Group
  Pedus Service USA
Electrolux AB
  Eureka Co.
Encompass Services Corp.
  Building One Services Corp.
  GroupMAC
  Group Maintenance America Corp.
Flo-Pac Corp.
Golden Star Inc.
Healthcare Services Group Inc.
Impact Products Inc.
Incentive A/S
  Alto US Inc.
JAN-PRO Franchising International Inc.
Jani-King International Inc.
Karcher (Alfred) GmbH & Co.
Katy Industries Inc.
  Contico International LLC
  Glit/Microtron Abrasives
  Loren Products
  Microtron Abrasives Inc.
  Wilen Products Inc.
The Libman Co.
Maytag Corp.
  Hoover Co.
Minnesota Mining and Mfg. Co.
Minuteman International Inc.
  Parker Sweeper Co.
Newell Rubbermaid Inc.
  Rubbermaid Commercial Products
NKT Holding A/S
  Euroclean USA
  Kent Co.
  Nilfisk-Advance Inc.
NSS Enterprises Inc.
  National Super Service Co.
Outsource Partners Inc.
  Outsource Associates Inc.
Quickie Mfg. Corp.
Rentokil Initial plc
Royal Appliance Mfg. Co.
ServiceMaster Co.
  Merry Maids LP
Shop-Vac Corp.
Sodexho Alliance SA
Swisher International Inc.
Temco Service Industries Inc.
Tennant Co.
Tornado Industries Corp.
  Breuer/Tornado Corp.
Triangle Services Inc.
Tyco International Ltd.
  Amcel
  Mohawk Plastics
  North American Plastics Corp.
UNICCO Service Co.
Waterbury Companies Inc.
Weiler Corp.
  Anderson Products

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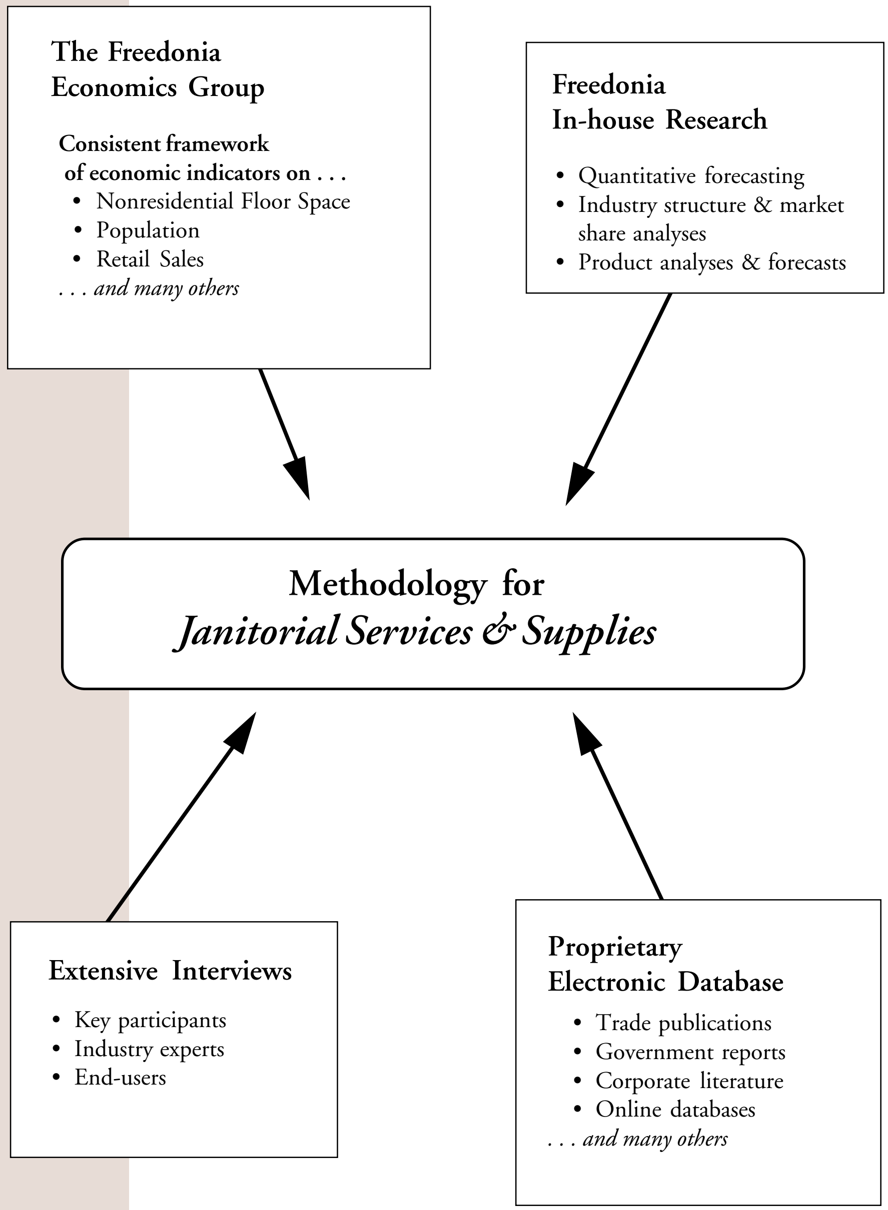
Forecasting Methodology

Freedonia does not just collect and reprint data; Freedonia develops data. Our analysts thoroughly investigate an industry by extensively interviewing key industry participants and analyzing information from sources such as associations, government and trade literature. Once this research is complete, Freedonia establishes one set of forecasts. All writing, editing and forecasting is done in-house to assure quality and consistency. In cases where data does not exist, Freedonia develops the data based on input/output ratios, bills of materials and flow charts. The following chart summarizes Freedonia's methodology:



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The Freedonia Group, Inc. is a leading international industry study/database company.

Since 1985, Freedonia has published over 1,600 titles covering areas such as chemicals, coatings and adhesives, building materials, plastics, industrial components and equipment, health care, packaging, household goods, security, and many other industries.

Freedonia has produced a wide variety of titles, including:

- *Disinfectant & Antimicrobial Chemicals*
- *World Security Services*
- *Industrial & Institutional Cleaning Chemicals*
- *Cleaning Products - Private Companies Report*

Because Freedonia is a reliable information source, our forecasts are cited in numerous publications such as *The Wall Street Journal, HAPPI* and *Purchasing.*

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In-house operations

Because all of our staff work at the same location, interaction between analysts and departments provides a strong system of checks and balances.

Consistency

Our Economics Group develops indicators that are used by all analysts. Therefore, every Freedonia study is based on a consistent set of economic assumptions (retail sales, population, nonresidential floor space, etc.)

Reliable forecasts

Because all of our forecasts consider the environment in which a product or industry is operating, as well as threats and opportunities to the market, Freedonia forecasts are reliable indicators of future performance.

One-on-one interviews

All studies are produced by conducting interviews with key industry participants and end-users.

Proprietary electronic database

Freedonia's analysts can tap into an extensive in-house electronic database containing corporate literature (including private company information), trade publications, government reports and many other sources of information.

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- **Market Researchers**
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Since 1985 we have provided research to customers ranging in size from global conglomerates to one person consulting firms. More than 90% of the industrial companies in the Fortune 500 use Freedonia research to help with their strategic planning.

Some of Freedonia's customers in the janitorial services and supplies market include: Electrolux, 3M, Newell Rubbermaid and Tyco International.

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Private Security Services
The US market for security services is analyzed in this study to 200x and 201x. It presents historical data (199x, 199x and 200x) and forecasts by type (e.g., guarding, alarm monitoring, private investigations, armored car transport, correctional facilities management); by market (commercial and industrial, institutional and governmental, and residential); and by US geographic region. The study also examines demand factors such as crime and terrorism, evaluates market share and profiles key firms.
#1518. . . . . 1/02. . . . . $3,700

Disinfectant & Antimicrobial Chemicals
US demand for disinfectant and antimicrobial chemicals will reach 300 million pounds in 2005, driven by heightened fears of foodborne illnesses and compatibility with other ingredients in cleaners and sanitizers. The marketing value of antibacterial products and the need to ensure hygienic conditions will support further gains. This study analyzes the $515 million US disinfectant and antimicrobial chemical industry to 2005 and 2010 by product, function and market. It also evaluates market share and profiles key firms.
#1442. . . . . 7/01. . . . . $3,600

World Fluorochemicals
World fluorochemicals demand will grow 3.4% annually through 2005, a marked improvement over the 1990s pace when the ban on CFCs had the most effect. Robust gains in HFCs will partially offset declines in CFCs, and stellar growth in fluoropolymers and specialty fluorochemicals will provide an added boost. This study analyzes the US$8 billion world fluorochemicals industry to 2005 and 2010 by product, market, region and for 13 countries. It also presents market share data and profiles key firms.
#1434. . . . . 7/01. . . . . $4,500

Solvents: Green & Conventional
Following a lengthy period of decline, demand for solvents in the US will exhibit positive annual growth through 2005. While demand for conventional solvents will be flat, green solvents will post robust advances, capturing 20% of the market by 2005. Cleaning products and transportation will be the fastest growing markets. This study analyzes the $3.3 billion US solvents industry to 2005 and 2010 by product, function and market. It also presents market share data and profiles leading companies.
#1418. . . . . 5/01. . . . . $3,700

World Security Services
Private contractual security services demand will grow over 8% annually worldwide. Contract guarding will remain the largest segment, with more rapid gains expected in less mature markets such as central alarm monitoring, investigations, training, systems integration and consulting. This study examines the US $66 billion global security services industry to 2004 and 2009 by type and market. It covers six geographic regions and 30 countries, presents market share data and profiles key industry players.
#1348. . . . . 12/00. . . . . $4,300

Security Services - Private Companies Report
Nine privately-held US companies are among the second tier of security service providers, each with over $100 million in total revenues. Five other private firms have total corporate sales over $100 million, including operations other than security services. This report profiles 130+ US companies (e.g., Allied-SpectaGuard; Guardsmark; Loomis, Fargo & Co.; TransNational Security; US Security Associates). It also forecasts industry demand, examines acquisitions, and lists firms by service and location.
#1341. . . . . 10/00. . . . . $3,200

Industrial & Institutional Cleaning Chemicals
Demand for industrial and institutional (I&I) cleaning chemicals in the US will exceed $8.1 billion in 2004. Growth will be driven by needs for multi-functional and biodegradable products which are cost effective and regulatory compliant. Shifts toward higher value-added cleaning chemicals will also boost value gains. This study analyzes the US I&I cleaning chemicals industry to 2004 and 2009 by raw material, product and end use. The study also evaluates market shares and profiles key companies.
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THE FREEDONIA GROUP, INC.
767 Beta Drive
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Phone: (440) 684-9600 • (800) 927-5900
Fax: (440) 646-0484

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